GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:89
ANSWERED ON:23.10.2008
LOSS SUFFERED BY AIRLINES
Sarvey Shri Sathyanarayana;Tripathi Shri Chandramani

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether several airlines in the country are presently running at heavy losses;

(b) if so, the reasons therefor;

(c) whether these airlines have submitted any memoranda to the Government in this regard; and

(d) if so, the details thereof and the steps taken by the Government in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a),(b),(c) and (d):- A statement is laid on the table of the Sabha.

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO. 89 FOR 23.10.2008 TABLED BY SHRI CHANDRA MANI TRIPATHI AND SHRI SARVEY SATHYANARAYANA REGARDING LOSS SUFFERED BY AIRLINES.

(a):-Yes, Sir.

(b):- The spiralling cost of Aviation Turbine Fuel (ATF) coupled with economic slow down and low load factor have contributed greatly to losses.

(c) & (d): Airlines and concerned organization have requested for support of the Govt. to overcome the financial crisis being faced by airlines. Various steps have been taken by the Govt. to reduce the ATF cost. In this regard, State Governments have been requested to consider moderation of the rate of sales tax imposed on Aviation Turbine Fuel (ATF) and align it with the `Declared Goods` rate. Empowered Committee of State Finance Ministers was also requested to consider moderation of the rate of sales tax imposed on ATF and reduce it to the `Declared Goods` rate. The matter of ATF was also discussed in the national conference on Civil Aviation held on 18.01.2008 at New Delhi with the representatives of all State Governments and Union Territories. Based on the deliberations held in the Conference, a group of officers has been constituted with a view to present the ATF taxation issues to the Empowered Committee of State Finance Ministers as well as the Ministry of Finance.

Government of Andhra Pradesh has since reduced the sales tax on ATF to 4%. Government of Rajasthan has also reduced the sales tax on ATF to 4% in certain cases. Government of Maharashtra has also reduced Sales tax on ATF from 25% to 4% for flights from airports other than Pune and Mumbai.

A Committee headed by Cabinet Secretary has also been constituted to examine various issues relating to the current financial crisis being faced by domestic airlines. The first meeting of the Committee was held on 14.08.2008.